



February 19, 2021

Massachusetts Department of Energy Resources
100 Cambridge St.
Suite 1020
Boston, MA 02114
doer.cps@mass.gov

Re: Clean Peak Energy Portfolio Standard EDC Procurements Straw Proposal

To the Department:

Plus Power, LLC is pleased to submit comments on the January 22, 2021 DOER Straw Proposal for the design of the Clean Peak Energy Credit (CPEC) procurement mechanism. Plus Power is a leading developer of transmission-connected, standalone battery energy storage projects. We commend the Department on a thoughtful straw proposal.

Plus Power offers the following comments with the intent to maximize and diversify new and incremental, cost-effective clean resources, per the program's goals. In brief, we propose: 1) setting the price at the clearing price of procurement; 2) opening bidding at least three years in advance and into staggered RFP opportunities; 3) allowing resources located in any Electric Distribution Company (EDC) service territory to bid across territories; 4) setting reasonable total annual program bidder caps of no more than 30 percent at the present time; and 5) barring or severely limiting EDCs from meeting their procurement targets with their own resources.

First, Plus Power supports the Straw Proposal recommendation of setting the price at the clearing price of procurement, rather than "as bid." One of the primary goals of the clean peak procurement is to enable long-term financing of clean peak resources that otherwise would not be built or financed by providing long-term revenue certainty. Leveling the playing field among bidders by awarding the clearing price will likely create more program transparency and engage more finance.

Another means to enable more financing for these projects—while lowering the cost to ratepayers—is to begin resource bidding three years in advance at a minimum. Doing so helps align the procurement with regional capacity market parameters. That alignment has a two-fold benefit for ratepayers: 1) it enables lower bids into the capacity market, and 2) lower bids for CPECs. We believe a minimum three-year advance bidding timeline is needed in today's markets to secure private financing. Moreover, staggering the EDC RFPs would allow developers more opportunities to bid and the market to improve its learning curves on bidding.



Third, the procurement should allow resources located in any EDC service territory to bid across EDC territories, in order to maximize competition and produce cost-effective resources. Artificially constraining site selection may hinder developers' innovation in finding more economical sites. That ability to choose among a greater variety of potential sites also enables the development of larger-scale transmission-connected resources, which are more cost-effective for ratepayers. More competitors will bid if they have fewer hurdles in bidding, and that greater competition will also lower costs to ratepayers. Finally, the incremental clean resources will create economic and environmental benefits for the entire state, not just for the EDC territory.

An additional design criteria may be the setting of annual program developer caps to maintain competition. At the outset of this program, we recommend setting reasonable bidder caps of no more than 30 percent and allowing staff to modify the cap via stakeholder input after the first or second procurements. It is in the program's interest to encourage as many viable bidders as possible. It may take a year or two after the program launches to discover any trends of bidder concentration or bid saturation. If discovered, the staff should have the ability to modify up or down the developer cap through public stakeholder deliberation.

Finally, Plus Power recommends that EDCs should not be able to meet their procurement targets with their own resources, either at all or by limiting their self-procurement to a single-digit percentage. These resources will be fully recovered in rates, whereas greater competition of resources enables the lowest prices for ratepayers.

Thank you for your consideration of Plus Power's comments on the Straw Proposal.

Yours;

A handwritten signature in blue ink, appearing to read "Polly Shaw".

Polly Shaw

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